



September 19, 2022

To the Members of the Wisconsin Congressional Delegation:

As members of the Wisconsin Hospital Association representing hospitals that serve rural communities all across the state, we write to you in support of the Assistance for Rural Community Hospitals (ARCH) Act ([H.R.8747](#)), bipartisan legislation that has been introduced by Reps. Carol Miller, R-WV, and Terri Sewell, D-AL, and its Senate counterpart, the Rural Hospital Support Act ([S.4009](#)), introduced by Sens. Robert Casey, D-PA, and Chuck Grassley, R-IA.

This important legislation would extend two vital hospital designations that have been lifelines for “tweener” hospitals – hospitals that are too large to qualify for Medicare’s cost-based break-even rates paid to Critical Access Hospitals, but that are also too small to have the volumes of commercially insured patients necessary to offset their losses from serving Medicare and Medicaid patients.

Congress established the Medicare-Dependent Hospital (MDH) program in 1987, allowing hospitals with 100 or fewer beds that serve a high proportion of Medicare patients to receive a slightly enhanced reimbursement compared to the normal payment rate most hospitals receive under the Centers for

Medicare and Medicare Services (CMS) prospective payment system. These payments allow MDHs greater financial stability and leave them better able to serve their communities.

Similarly, Congress established the Low-Volume Hospital adjustment (LVH) in the Medicare Prescription Drug, Improvement and Modernization Act of 2003 in response to a report from the Medicare Payment Advisory Commission (MedPAC) that warned about a widening gap between rural and urban hospital profitability. Congress expanded the program in 2010 and reauthorized it again in the Bipartisan Budget Act of 2018. The LVH program gives rural hospitals with low volumes between a 0-25% payment boost on a sliding scale based on their low volumes.

Unfortunately, both programs are set to expire September 30, 2022 and must be reauthorized by Congress to avoid serious cuts for Wisconsin hospitals. As the table to the right shows, these cuts would have an estimated annual impact of more than \$19 million for Wisconsin hospitals across the state. That estimate is based solely on the Medicare fee-for-service population, so it would likely be significantly more when adding in the impact for Medicare Advantage.

WI Impact of Losing MDH & LVH Designations		
Congressional District	# Hospitals Impacted	Est. Annual Impact
Bryan Steil	1	\$568,000
Mark Pocan	4	\$7,578,000
Ron Kind	2	\$1,988,400
Scott Fitzgerald	3	\$3,266,400
Glenn Grothman	4	\$4,005,200
Tom Tiffany	2	\$1,948,100
Statewide	16	\$19.35 million

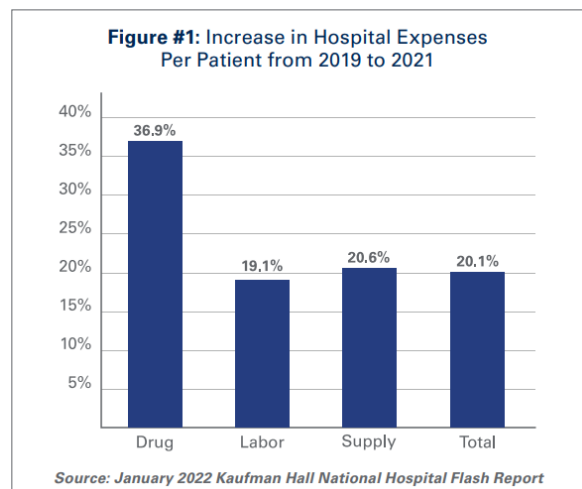
Source: AHA Analysis of 2023 IPPS Rule

As you have heard time and again, Medicare pays on average only about 73% of what it costs Wisconsin hospitals to provide Medicare services. In fact, **annual Medicare underpayments to Wisconsin hospitals have grown from \$1.77 billion in 2016 to \$2.78 billion in 2022, a 57% increase in 4 years!** As if that weren't bad enough, Wisconsin's aging demographics mean this problem will only get worse as more Wisconsinites age and move off private insurance and onto Medicare. As of 2018, Wisconsin was tied for 16th among states with the highest percent of their population covered by Medicare, at 20%.

The Medicare Dependent Hospital and Low Volume Hospital adjustment designations are two of the only programs that recognize the unique challenges our hospitals face as mid-size hospitals that serve rural communities. The urgency of continuing both of these programs could not come at a more important time, given the enormous financial challenges hospitals are facing in 2022.

With the combination of historic inflation, an unprecedented workforce shortage, and sustained underpayments by federal government health care programs, hospitals are facing significant fiscal pressures going forward.

- A recent [report by the American Hospital Association \(AHA\)](#) shows that supply expenses for hospitals were 15.9% higher by the end of 2021 compared to the end of 2019 and 20.6% higher per patient.



- At the same time, labor expenses per patient increased 19.1% through 2021 compared to 2019 levels.
- The average length of a patient stay increased 9.9% by the end of 2021 compared to pre-pandemic levels in 2019, leading hospitals to have to devote more staff time and expenses per patient episode.

Please show your support for your local hospitals by cosponsoring the ARCH Act in the House and Rural Hospital Support Act in the Senate and urging your leadership to ensure an extension of these programs is included in upcoming legislation to fund the federal government before their slated expiration of September 30.

Sincerely,

Ascension Wisconsin
Aspirus Divine Savior Hospital & Clinics
Aspirus Howard Young Medical Center
Aspirus Riverview Hospital & Clinics, Inc.
Aspirus Rhinelander Hospital
Aurora Lakeland Medical Center
Aurora Medical Center – Manitowoc County
Aurora Medical Center – Washington County
Beloit Health System
Fort HealthCare
Froedtert Holy Family Memorial
Marshfield Medical Center – Beaver Dam
Marshfield Medical Center – Rice Lake
Mile Bluff Medical Center
Rural Wisconsin Health Cooperative
Sauk Prairie Healthcare
SSM Health Monroe Hospital
SSM Health St. Clare Hospital – Baraboo
Watertown Regional Medical Center
Wisconsin Hospital Association